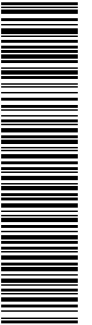


An act to amend, repeal, and add Section 14100.5 of the Welfare and Institutions Code, relating to Medi-Cal.

SECURED
COPY



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 14100.5 of the Welfare and Institutions Code is amended to read:

14100.5. The department shall prepare and submit Medi-Cal program assumptions and estimates to the Department of Finance. The purpose of the assumptions and estimates shall be to clearly identify changes within the Medi-Cal program which have policy or fiscal implications, and to produce reliable forecasts of Medi-Cal expenditures.

Medi-Cal program assumptions and estimates shall be organized by and correspond to Budget Act or Budget Bill item numbers, separately identifying expenditures for all of the following:

- (a) Purchase of medical care and services.
- (b) Rate increases.
- (c) County administration.
- (d) Fiscal intermediary services.

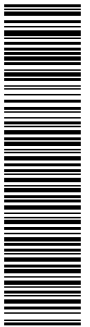
Estimates and assumptions shall indicate state and federal, as well as total, funds expended.

The department shall submit, by September 10 and March 1 of each year, to the Department of Finance for its approval, all assumptions underlying all Medi-Cal program estimates. The Department of Finance shall approve or modify, in writing, the assumptions underlying all estimates within 15 working days of their receipt. If the Department of Finance does not so approve or modify the assumptions by that date, the assumptions, as presented by the department, shall be deemed to be approved by the Department of Finance as of that date.

The department shall submit an estimate of Medi-Cal program expenditures to the Department of Finance by November 1 of each year, and April 20 of each year. All approved estimates and supporting data provided by the department or developed independently by the Department of Finance, shall be made available to the legislative fiscal committees following approval by the Department of Finance. However, departmental estimates with supporting data shall be forwarded to the legislative fiscal committees on or about January 10 and May 15 of each year in the event this information has not been released earlier.

Each Medi-Cal assumption shall contain a clear narrative description of the statutory, regulatory, or policy change, or other change, that has occurred or will occur which affects Medi-Cal program expenditures or which is of policy importance. Each assumption shall include a cost estimate which contains relevant workload, caseload, unit cost and other data or information needed to support the estimate.

The assumptions related to purchase of medical care and services shall include a section with a nontechnical description of the major variables used to produce a base projection. This section shall further contain an estimate of the fiscal impact of the use of these variables. The estimates related to purchase of medical care and services shall include current and budget year base projections of eligibles, users, expenditures and cost per user by quarter with sufficient past actual data to permit evaluation of the projections. The projections shall be prepared by service category and aid category. The Department of Finance shall identify a high, mid, and low range of Medi-Cal



service expenditures, which shall be accompanied by assumptions, when the estimates are released to the Legislature.

The assumptions or estimates related to fiscal intermediary services shall contain a narrative description of how the forecasts are prepared. Sufficient historical workload by claim type and expenditure data shall accompany the forecasts to permit evaluation. Change orders to the fiscal intermediary contract shall be fully described and costs estimated. In addition, important modifications to the Medi-Cal claims processing system not associated with change orders shall be described and, if appropriate, costs or savings, estimated.

Assumptions or estimates related to Medi-Cal county administration costs shall contain a narrative description of how the forecast was prepared. Current and budget year estimates by county shall be prepared. The estimates shall compare past actual and projected workload and expenditures in a format which will permit evaluation of forecasts. Changes in expenditure estimates for individual counties resulting from allocation of funds or other factors shall be identified in subsequent estimates. Unallocated funds and funds for special projects or special problems shall be separately identified. The department shall compare budgeted and actual expenditures by county as soon as the information from county quarterly costs reports becomes available.

The estimates shall compare budgeted to implemented rate increases for the current year. The comparisons shall be by provider category and shall compare budgeted to implemented increases in terms of percentage increases, date of implementation, and revised estimated cost.

This section shall become inoperative on July 1, 2023, and, as of January 1, 2024, is repealed.

SEC. 2. Section 14100.5 is added to the Welfare and Institutions Code, to read:

14100.5. (a) The department shall prepare and submit Medi-Cal program assumptions and estimates to the Department of Finance. The purpose of the assumptions and estimates shall be to clearly identify changes within the Medi-Cal program which have policy or fiscal implications, and to produce reliable forecasts of Medi-Cal expenditures.

(b) (1) Beginning with the estimates for the 2024–25 fiscal year, Medi-Cal program assumptions and estimates shall be organized by and correspond to Budget Act or Budget Bill item numbers, separately identifying expenditures for all of the following:

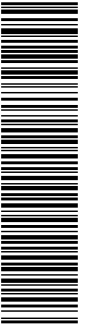
(A) Purchase of medical care and services.

(B) County and other local assistance administration.

(2) Estimates and assumptions shall indicate state and federal, as well as total, funds expended.

(c) The department shall submit, by September 10 and March 1 of each year, to the Department of Finance for its approval, all assumptions underlying all Medi-Cal program estimates. The Department of Finance shall approve or modify, in writing, the assumptions underlying all estimates within 15 working days of their receipt. If the Department of Finance does not so approve or modify the assumptions by that date, the assumptions, as presented by the department, shall be deemed to be approved by the Department of Finance as of that date.

(d) The department shall submit an estimate of Medi-Cal program expenditures to the Department of Finance by November 1 and April 20 of each year. All approved



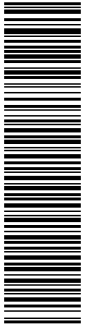
estimates and supporting data provided by the department or developed independently by the Department of Finance, shall be made available to the legislative fiscal committees following approval by the Department of Finance. However, departmental estimates with supporting data shall be forwarded to the legislative fiscal committees on or about January 10 and May 15 of each year in the event this information has not been released earlier.

(e) Each Medi-Cal assumption shall contain a clear narrative description of the statutory, regulatory, or policy change, or other change, that has occurred or will occur which affects Medi-Cal program expenditures or which is of policy importance. Each assumption shall include a cost estimate which contains relevant workload, caseload, unit cost and other data or information needed to support the estimate.

(f) The assumptions related to purchase of medical care and services shall include a section with a nontechnical description of the major variables used to produce a base projection. This section shall further contain an estimate of the fiscal impact of the use of these variables. The estimates related to purchase of medical care and services shall include current and budget year base projections of eligibles, users, expenditures and cost per user by quarter with sufficient past actual data to permit evaluation of the projections. The projections shall be prepared by service category and aid category.

(g) Assumptions or estimates related to Medi-Cal county and other local assistance administration costs shall contain a narrative description of how the forecast was prepared. The estimates shall compare past actual and projected workload and expenditures in a format which will permit evaluation of forecasts. Unallocated funds and funds for special projects or special problems shall be separately identified.

(h) This section shall become operative on July 1, 2023.



LEGISLATIVE COUNSEL'S DIGEST

Bill No.
as introduced, _____.
General Subject: Medi-Cal: expenditures forecasts.

Existing law establishes the Medi-Cal program, administered by the State Department of Health Care Services and under which health care services are provided to qualified low-income persons pursuant to a schedule of benefits, which includes pharmacy benefits, through various health care delivery systems, including fee-for-service and managed care. The Medi-Cal program is, in part, governed and funded by federal Medicaid program provisions. Existing law requires the department to prepare and submit assumptions and estimates, as prescribed, relating to the Medi-Cal program to the Department of Finance on a semiannual basis for the purpose of clearly identifying changes within the Medi-Cal program and producing reliable forecasts of Medi-Cal expenditures. Existing law requires the department to separately identify expenditures for rate increases and fiscal intermediary services, requires that certain assumptions or estimates contain a narrative description of how the forecast is prepared, and requires that estimates compare budgeted to implemented rate increases for the current year, by provider category, among other things.

This bill would, effective July 1, 2023, strike these latter requirements and require, beginning with the estimates for the 2024–25 fiscal year, that they include separately identifying expenditures for county and other local assistance administration and a narrative description of how those forecasts were prepared.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

